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Griffith Company
Attn: Ryan Aukerman or Project Manager
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E-MAILED (rauerman@griffithcompany.net) AND MAILED

June 11, 2014

WESTCHESTER STREETScape IMPROVEMENT (A.K.A. SEPULVEDA BLVD. SIDEWALKS- 84th PL. TO 80th ST.) **W.O. No. E1907523**
Federal Project No. DEM08L-5006(545)

To Ryan Aukerman or Project Manager:

The Office of Contract Compliance (OCC) has completed the evaluation of Griffith Company's (Griffith's) *Exhibit 15-H DBE Information - Good Faith Effort (GFE)* submitted for the subject-project. Because this project is federally-funded, a bidder must meet the requirements of the Disadvantaged Business Enterprise (DBE) Program in order to be deemed a responsive bidder by the Board of Public Works. Prior to contract award, a bidder must either **(A)** meet the DBE goal, or **(B)** submit the *Exhibit 15-H DBE Information - GFE* form and documentation showing that adequate efforts were made to meet the project's DBE goal. Also, per pg. C-3 of the DBE Program specifications under *Good Faith Efforts Submittal*, "only GFEs directed toward obtaining participation by DBEs will be considered."

The DBE goal on this project was **21.51 percent**. Griffith pledged a DBE percentage of **0.00 percent**. As such, a review of Griffith's *Exhibit 15-H DBE Information - GFE* form and documentation was performed.

After a thorough review of Griffith's *Exhibit 15-H DBE Information - GFE* form and documentation, the OCC's recommendation is that their bid be deemed *non-responsive*, for the following reasons:

1) Indicator C: Items of work the bidder made available to DBE firms

Per Griffith's solicitation efforts to DBEs as reviewed in Exhibit 15-H Indicator B. and the listing of subcontractors in their bid, the following table details the work made available to DBE firms:



WESTCHESTER STREETSCAPE IMPROVEMENT (A.K.A. SEPULVEDA BLVD. SIDEWALKS- 84th PL. TO 80th ST.)

W.O. No. E1907523

Federal Project No. DEM08L-5006(545), Pg. 2

Work Area	Dollar Amount of selected sub firm	% of bid
Fencing	\$7,191.00	1.45%
Clear & Grub/ Tree Stump removals	\$29,000.00	5.86%
CMB supplier*	\$3,431.00 (\$2,058.60)	0.69% (0.42%)
Asphalt	\$1,200.00	0.24%
Traffic Control**	-	-
Concrete Site Work**	-	-
Landscape & Irrigation**	-	-
Equipment Rental**	-	-
Trucking**	-	-
Totals:	\$40,822.00 (\$39,449.60)	8.25% (7.97%)

*The firm selected in this work area is a regular dealer; therefore, the dollar amounts/ percentages in parentheses represent the firm's amounts/ percentages when credited at the regular dealer rate of 60%.

**Per their Exhibit 15-H/ GFE documentation, Griffith made these work areas available to DBE firms for \$55,700; \$88,339; \$149,438; \$63,000; and \$9,000 respectively. However, no subcontractors were selected/ bid-listed to perform work in these areas. This suggests Griffith will be self-performing these work areas.

The work made available to DBE firms does not appear sufficient to meet the project's DBE goal of 21.51%. Although Griffith performed an adequate outreach as required in Indicator B., Griffith is only subcontracting out 7.97% of the project's work to subcontractors/ suppliers, none of whom are DBEs. Griffith should have made increased efforts to subcontract out additional work in an attempt to facilitate DBE participation and potentially meet the DBE goal. Rather, it appears that Griffith will be self-performing 92.03% (100% - 7.97%), or, the majority of the project.

2) Indicator D: Rejected DBE documentation

Per their Exhibit 15-H/ GFE documentation, Griffith received DBE quotes from three (3) DBEs in three (3) separate work areas: Fencing, Clear & Grub/ Tree Stump removals, and CMB supplier. For Fencing, Griffith rejected DBE *Ace Fence Co.* (Firm ID No. 34153) in favor of non-DBE *Ferreira Construction*. However, the non-DBE's quote was \$3,009 lower than the DBE's (\$7,191 vs. \$10,200), so Staff determined that Griffith's rejection of the DBE in this work area was ok. For CMB supplier, Griffith stated they rejected "DBE" *Chandler's Sand & Gravel* in favor of non-DBE *Valley Base Materials*; however, Staff could not verify that *Chandler's* is a certified DBE so Staff determined that Griffith's rejection of the "DBE" in this work area was ok.

However, for Clear & Grub/ Tree Stump removals, Griffith rejected DBE *Treesmith Enterprises, Inc.* (Firm ID No. 35817) in favor of non-DBE *V&E Tree Service*. The DBE's quote was \$10,900 for the removal of 20 tree stumps and the non-DBE's quote was \$29,000 for both the removal of 20 tree stumps and the Clear & Grub work area. Per their GFE documentation, Griffith's reason for the rejection of the DBE was "Did not provide price for clear & grub, only tree stump removal. [V&E provided] complete scope." However, the DBE's price for tree stump removal was \$10,900 while the non-DBE's price for that same work area, after breaking down their quote, was \$25,500. Therefore, the DBE's quote was \$14,600 lower than the non-DBEs (\$25,500 - \$10,900). In an attempt to garner DBE participation, Griffith should have requested a revised quote from the DBE, to possibly include a bid on the Clear & Grub work area.



3) Indicator H: Additional data to support a demonstration of good faith efforts

Per Caltrans' direction to the City of Los Angeles and as per pg. C-3 of the DBE Program specifications under *Good Faith Efforts Submittal*, "the Agency may consider the DBE commitments of the 2nd and 3rd low bidders when determining whether the low bidder made good faith efforts to meet the DBE goal." That is, when an apparent low bidder fails to meet the goal while other bidders meet it, the Agency may reasonably raise the question of whether, with additional reasonable efforts, the apparent low bidder could have met the goal.

Unlike Griffith, the 2nd low bidder, Future DB International, Inc. (Future), and the 3rd low bidder, Sully-Miller Contracting Company (Sully-Miller) both met the DBE goal of **21.51 percent**, pledging **33.56 percent** and **34.99 percent**, respectively.

Future, the 2nd low bidder

Bid \$524,118.26 and selected 2 DBEs, as follows:

- 1) Treesmith Enterprises, Inc. (Firm ID #35817) to perform clearing & grubbing and tree stump removal- \$27,880
- 2) Hardy Landscape Construction, Inc. (Firm ID #39543) to perform landscaping- \$148,000

Total Pledged DBE dollars- \$175,880

Total Pledged DBE percentage- 33.56% [\$175,880 / \$524,118.26]

Sully-Miller, the 3rd low bidder

Bid \$649,558.70 and selected 2 DBEs, as follows:

- 1) Kato Landscape, Inc. (Firm ID #35398) to perform landscaping- \$199,413.60
- 2) Treesmith Enterprises, Inc. (Firm ID #35817) to perform clearing & grubbing and tree stump removal- \$27,880

Total Pledged DBE dollars- \$227,293.60

Total Pledged DBE percentage- 34.99% [\$227,293.60 / \$649,558.70]

Both the 2nd and 3rd low bidders selected DBE *Treesmith Enterprises, Inc.* to perform bid item #3 (clearing and grubbing) & #8 (tree stump removals) for a total amount of \$27,880. Griffith selected non-DBE *V&E Tree Service, Inc. dba V&E Landscape and Maintenance* to perform the same work, for a total amount of \$29,000, which is \$1,120 higher than the DBE's price. Griffith received a quote from *Treesmith*, but that quote only included a price for bid item #8 (tree stump removal) totaling \$10,900. Per their GFE documentation, Griffith's reason for rejecting *Treesmith* was, "Did not provide price for clear & grub, only tree stump removal. [V&E provided] complete scope." However, Griffith could have made additional reasonable efforts by requesting and obtaining a revised quote from *Treesmith*, to include a price for clear & grub. This may have resulted in their receipt of the same quote received by the 2nd and 3rd low bidders, which was both lower than their selected non-DBE sub and would have also increased their pledged DBE participation from 0.00% DBE to 5.63% DBE.

Additionally, in the landscaping work area, both the 2nd and 3rd low bidders selected a DBE. The 2nd low selected *Hardy Landscape Construction, Inc.* to perform bid item #s 18-21 for a total amount of \$148,100. The 3rd low selected *Kato Landscape, Inc.* to perform bid item #s 16, 18-21 for a total amount of \$199,413.60. Staff noted that per Griffith's GFE documentation, Griffith did not send an outreach letter to *Hardy* but did send one to *Kato* on 3/28/14. Staff contacted *Kato* on 6/5/14 and was told that they did not submit a quote to Griffith because Griffith self-performs landscaping. However, Griffith could have made additional reasonable efforts by



subcontracting out additional work to DBEs like Kato, encouraging DBE participation even on work that they historically have self-performed.

Aside from the outreach deficiencies found in Indicator C.- Items of work the bidder made available to DBE firms and Indicator D.- Rejected DBE documentation, Staff determined that Griffith could have made additional reasonable efforts to meet the DBE goal. Both the 2nd and 3rd low bidders selected DBEs to perform the landscaping work area as well as the clearing & grubbing and tree stump removal work area. Both bidders were not only able to meet, but exceed the DBE goal of **21.51 percent**, pledging **33.56 percent** and **34.99 percent**, respectively. Had Griffith subcontracted out additional work, including work that they are able to self-perform, they may have been able to meet the DBE goal.

The DBE pledged amounts of the 2nd and 3rd low bidders in excess of the DBE goal of **21.51 percent** tends to support the notion that the DBE goal was attainable on this project. For all these reasons, Staff determined that Griffith did not meet the requirements of this Indicator.

If you would like to discuss this evaluation or provide clarification regarding any of the issues presented in this letter, please contact Mark Gutierrez at mark.gutierrez@lacity.org by **Monday, June 16, 2014**. This letter only reflects the outcome of the *Exhibit 15-H DBE Information - GFE* evaluation and does not provide information related to the award of this project. Also, this letter and any response received from you may be included as a transmittal in Board reports pertaining to this project.

Sincerely,



LYNDA McGLINCHEY, Supervisor
Business Inclusion Section

cc: project file

HC:LMc:MG:ml

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